

Layoffs Under the Guise of 'Optimization' in State-Funded Organizations

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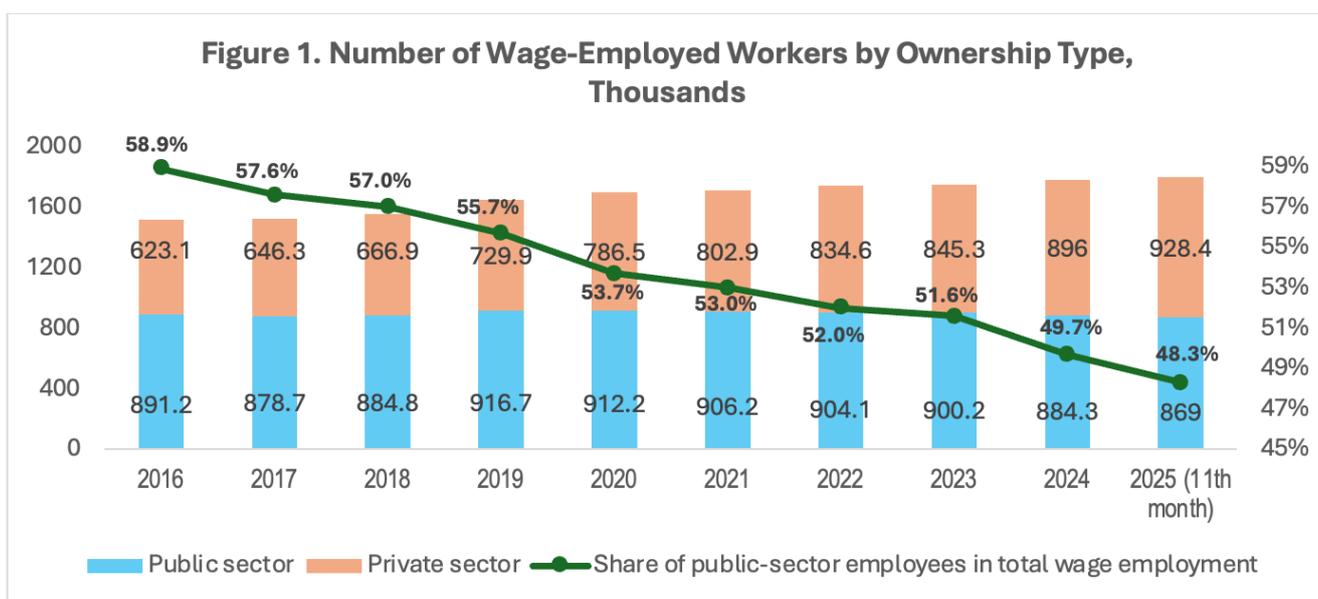
Against the backdrop of declining oil revenues, signs of the government beginning to tighten its belt have become increasingly visible. Under the banner of “optimizing budget expenditures,” the government has made reductions in funds allocated to various organizations from the state budget and layoffs in the public sector. While this process appeared to remain somewhat in the background in earlier periods, public attention to it increased significantly last year. This heightened attention manifested itself in public debates, official responses, and budget documents alike.

Although the press and experts have described these developments as mass layoffs, government representatives reject this characterization, instead referring to the process merely as the optimization of budget expenditures. The [AzPolitika website](#), which claims that thousands of employees working in the utilities sector and a number of state institutions (including *Azəriqaz* CJSC, *Azərsu* JSC, *Azərişiq* JSC, *Təmiz Şəhər* JSC, the State Veterinary Service, and others) were laid off in 2025, has reported that a new wave of layoffs is expected to begin in 2026. According to the site, following internal assessments, the Ministry of Finance has identified a significant number of redundant positions within budgetary organizations and has raised the issue of their abolition to the government. The site suggests that the “clean-up” announced by the Ministry—aimed at saving budgetary resources and ensuring transparency and oversight in expenditures—could affect up to 20 percent of employees working in budgetary institutions.

The [FED.az website](https://fed.gov) has drawn attention to layoffs carried out in city and district executive authorities. According to available information, restructuring measures were implemented in these bodies, leading to the abolition of several departments, their replacement with sector-based units, and the merger of certain departments.

Official data also confirm the occurrence of layoffs. According to the State Statistical Committee (SSC), [as of 1 December 2025](#), the number of wage-employed workers in the national economy stood at 1.797.400. Of these, 48,4 percent, or 869.000 individuals, were employed in the public sector. [In 2024](#), the number of employees in the public sector amounted to 882.800. Over the first eleven months of the previous year, employment in this sector declined by 1,6 percent, or 13.800 workers.

Overall, a downward trend in public-sector employment has been observed since 2019. Between [2019 and 2025](#), the number of employees in the public sector decreased by 5,2 percent, from 916.700 to 869.000. Consequently, the share of public-sector employees in total wage employment declined from 55,7 percent to 48,4 percent (Figure 1).



Resource: The State Statistical Committee

Despite the overall downward trend in the public sector, growth has been recorded in [certain segments](#) of the economy. For instance, between 2019 and 2024, employment increased by 52% in the water supply, waste treatment, and recycling sector; by 28% in trade; by 77,8% in accommodation and food services; and by 37,7% in financial and insurance activities. During the same period, the sectors most affected by downsizing were agriculture, forestry, and fishing (63,9%); the extractive industry (17,6%); construction (22,9%); and real estate activities (32,1%).

One of the sectors not spared by layoffs is education. A process of staff reductions in the education sector has been underway [since 2018](#). Over this period, approximately 16.000 employees have left the sector, and the number of workers has declined from 327.600 to 311.700. Last year, the sector that most frequently dominated the public agenda due to layoffs was education. On the one hand, structural reforms, and on the other hand, teacher certification processes have contributed to staff reductions in the education sector. Under the Presidential Decree of 4 April 2025, [“On Additional Measures to Optimize the Activities and Increase the Efficiency of Scientific Institutions under the Ministry of Science and Education of the Republic of Azerbaijan,”](#) 17 institutions subordinate to the Ministry of Science and Education were merged, reducing their number to eight. Although [officials](#) responsible for education have stated that no layoffs would occur as a result of these mergers, [others consider staff reductions inevitable](#). During a [parliamentary address](#), the Minister of Science and Education stated that downsizing in schools would continue. The Minister also [told the press](#) that “between 2022 and 2025, nearly 8.000 teachers who failed certification exams were dismissed from their positions. In June of last year alone, [2.340 teachers](#) who did not pass certification were forced to leave the profession.” A number of experts already predict mass layoffs of secondary school teachers, as well as [primary school teachers](#), in the coming

years.

In 2026, compared to 2025, reductions in administrative expenditures funded from the state budget are envisaged for 45 out of 58 public institutions [\[i\]](#). The largest cuts will apply to bodies under the Ministry of Ecology and Natural Resources, the Ministry of Finance, and the Ministry of Science and Education. Administrative expenditures are expected to decrease by 19,3% at the Forest Development Service, 12,2% at the State Ecological Safety Service, 14,7% at the State Treasury Agency, and 11,4% at the State Agency for Vocational Education. In addition, expenditures of the State Committee for Work with Religious Associations will be reduced by 16,1%, those of the Audiovisual Council by 9,9%, and those of the Food Safety Agency by 9,5% (Table 1).

Table 1. List of institutions whose allocations from the state budget were reduced in 2025–2026

Institutions	Amount of allocated funds, in thousand manats		Reduction, in percent	Difference, in thousand manats
	2025	2026		
1. Ministry of Ecology and Natural Resources	15,695.1	15,252.7	-2.8	-442.4
2. State Ecological Safety Service under the Ministry of Ecology and Natural Resources	1,523.5	1,337.6	-12.2	-185.8
3. Forest Development Service under the Ministry of Ecology and Natural Resources	1,352.1	1,091.6	-19.3	-260.5
4. National Hydrometeorology Service under the Ministry of Ecology and Natural Resources	1,305.8	1,232.3	-5.6	-734.3
5. Biodiversity Conservation Service under the Ministry of Ecology and Natural Resources	1,239.2	1,165.3	-6.0	-73.9
6. Ministry of Labor and Social Protection of Population	14,870.3	14,388.9	-3.2	-481.3
7. State Labor Inspection Service under the Ministry of Labor and Social Protection of Population	8,601.0	8,596.6	-0.1	-4.4
8. Ministry of Youth and Sports	15,282.1	14,980.8	-2.0	-301.3
9. Ministry of Agriculture	31,591.0	31,426.3	-0.5	-164.8
10. Agrarian Credit and Development Agency under the Ministry of Agriculture	1,993.2	1,921.6	-3.6	-71.6
11. Agrarian Services Agency under the Ministry of Agriculture	3,020.5	2,936.4	-2.8	-84.1
12. Ministry of Finance	33,410.2	28,973.6	-13.3	-4,436.7
13. State Treasury Agency under the Ministry of Finance	16,164.0	13,784.2	-14.7	-2,379.8
14. Public Debt and Financial Obligations Management Agency under the Ministry of Finance	1,184.2	1,132.3	-4.4	-51.9
15. State Financial Control Service of the Ministry of Finance	3,221.7	3,221.2	-0.02	-0.5
16. Ministry of Culture	11,409.3	11,125.5	-2.5	-283.9
17. State Service for the Preservation, Development, and Restoration of Cultural Heritage under the Ministry of Culture	4,883.0	4,877.2	-0.1	-5.8
18. Ministry of Digital Development and Transport	8,156.0	7,963.2	-2.4	-192.8
19. Electronic Security Service under the Ministry of Digital Development and Transport	785.7	754.2	-4.0	-31.5
20. State Civil Aviation Agency under the Ministry of Digital Development and Transport	1,512.9	0	-100.0	-1,512.9
21. Ministry of Health	4,889.3	4,659.7	-4.7	-229.6

22. Ministry of Energy	7,150.8	7,065.2	-1.2	-85.6
23. State Agency for Renewable Energy Sources under the Ministry of Energy	1,862	1,799.7	-3.3	-62.3
24. Ministry of Science and Education	8,724.0	8,680.3	-0.5	-43.6
25. State Agency for Vocational Education under the Ministry of Science and Education	1,505.4	1,333.3	-11.4	-172.1
26. State Agency for Science and Higher Education under the Ministry of Science and Education	1,816.9	1,673.8	-7.9	-143.2
27. State Agency for Pre-School and General Education under the Ministry of Science and Education	15,398.0	14,286.7	-7.2	-1,111.3
28. State Committee for Work with Diaspora	4,891.1	4,873.8	-0.4	-17.2
29. State Committee for Work with Religious Associations	7,842.5	6,577.3	-16.1	-1,265.2
30. State Committee for Urban Planning and Architecture	7,446.6	7,411.0	-0.5	-35.6
31. Baku City Architecture and Urban Planning Main Department under the State Committee for Urban Planning and Architecture	1,555.0	1,506.6	-3.1	-48.4
32. Karabakh Regional Architecture and Urban Planning Main Department under the State Committee for Urban Planning and Architecture	1,468.9	1,459.5	-0.6	-9.3
33. State Statistical Committee	36,636.9	36,134.4	-1.4	-502.5
34. State Committee for Refugees and Internally Displaced Persons	7,854.1	7,691.9	-2.1	-162.2
35. Higher Attestation Commission under the President of the Republic of Azerbaijan	3,314.5	3,203.8	-3.3	-110.7
36. National Archive Department	1,925.0	1,910.7	-0.7	-14.3
37. Special Medical Service of the Republic of Azerbaijan	12,797.0	12,481.0	-2.5	-316.0
38. State Agency for Public Service and Social Innovations under the President of the Republic of Azerbaijan	62,659.0	60,510.0	-3.4	-2,149.1
39. Food Safety Agency	24,365.6	22,039.6	-9.5	-2,326.0
40. State Tourism Agency	4,957.2	4,744.1	-4.3	-213.1
41. Azerbaijan State Water Resources Agency	5,905.0	5,439.7	-7.9	-465.3
42. State Service for the Use and Protection of Water under the Azerbaijan State Water Resources Agency	5,140.0	4,855.4	-5.5	-284.6
43. Secretariat of the Commission for Combating Corruption	357.7	338.7	-5.3	-19.0
44. Central Election Commission	6,582.6	6,259.9	-4.9	-322.7
45. Audiovisual Council	2,793.9	2,516.5	-9.9	-277.5
46. Local Executive Authorities	223,387.5	217,050.8	-2.8	-6,336.8

Source: State Budget Envelopes of the Republic of Azerbaijan for 2025 and 2026

By Presidential [Decree](#) in February 2025, the State Civil Aviation Agency under the Ministry of Digital Development and

Transport was granted the status of a legal entity under public law and, as a result, lost the 1,5 million manats allocated to it last year in 2026. These reductions enabled savings of nearly 28 million manats. This saved amount allowed for increased expenditures in 12 state institutions and partially covered the expenses of the newly established agency. Specifically, in 2025, the newly created agency, [the Protocol Service](#) of the President of the Republic of Azerbaijan, was allocated 75 million manats in the 2026 state budget.

Government representatives link the reduction in expenditures to optimization and indicate that it will not result in staff layoffs. However, an analysis of expenditures by economic classification shows that in several central and local executive authorities, reductions were recorded simultaneously in the payroll category. In the 2026 state budget, wage expenditures were reduced in the allocations for 32 state institutions. Conversely, six budgetary organizations, including the Cabinet of Ministers, the Ministry of Foreign Affairs, and the Ministry of Economy, are expected to see an increase in payroll expenditures (Table 2).

Table 2. List of institutions with reduced payroll expenditures in 2025–2026

Institutions	Payroll expenditures, in thousand manats				Wage expenditures for staff positions, in thousand manats			
	2025	2026	Change, %	Difference, in thousand manats	2025	2026	Change, %	Difference, in thousand manats
1. National Assembly of the Republic of Azerbaijan	39665.6	39513.6	-0.4	-152.0	29500.1	29500.1	0.0	0
2. Administration of the President of the Republic of Azerbaijan	150568.4	149628.2	-0.6	-940.1	107613.4	106903.0	-0.7	-710.5
3. Cabinet of Ministers	27102.6	27928.4	3.0	825.8	19548.1	20147.9	3.1	599.8
4. Ministry of Ecology and Natural Resources	14821.7	14372.5	-3.0	-449.2	10809.1	10465.2	-3.2	-343.9
5. State Ecological Safety Service under the Ministry of Ecology and Natural Resources	1410.9	1237.0	-12.3	-173.9	1026.7	899.8	-12.4	-127.0
6. Forest Development Service under the Ministry of Ecology and Natural Resources	1224.7	1005.2	-17.9	-219.5	895.9	732.6	-18.2	-163.3
7. National Hydrometeorology Service under the Ministry of Ecology and Natural Resources	1168.4	878.4	-24.8	-290.0	851.3	798.2	-6.2	-53.1
8. Biodiversity Conservation Service under the Ministry of Ecology and Natural Resources	1116.1	1054.5	-5.5	-61.6	813.1	768.2	-5.5	-44.9
9. Ministry of Labor and Social Protection of Population	12319.4	11985.4	-2.7	-334.0	9002.9	8756.7	-2.7	-246.2
10. State Labor Inspection Service under the Ministry of Labor and Social Protection of Population	7125.1	7036.2	-1.2	-88.9	5197.6	5126.2	-1.4	-71.4
11. Ministry of Youth and Sports	13563.0	13695.2	1.0	132.2	9980.2	9980.2	0.0	0
12. Ministry of Foreign Affairs	21433.8	22072.8	3.0	639.0	14603.2	15033.0	2.9	429.7
13. Ministry of Economy	18021.3	18536.7	2.9	515.4	13218.3	13556.3	2.6	338.0
14. State Tax Service under the Ministry of Economy	80892.6	77841.5	-3.8	-3051.2	56181.3	53985.6	-3.9	-2195.8
15. State Property Issues Service under the Ministry of Economy	13749.2	14339.5	4.3	590.3	10157.7	10500.0	3.4	342.3
16. State Agency for Antimonopoly and Consumer Market Control under the President of the Republic of Azerbaijan	7661.0	7945.8	3.7	284.8	5719.0	5719.0	0.0	0
17. Ministry of Agriculture	23767.1	23767.8	0.0	0.7	17622.2	17622.2	0.0	0
18. Agrarian Credit and Development Agency under the Ministry of Agriculture	1709.7	1709.7	0.0	0	1272.9	1272.9	0.0	0
19. Agrarian Services Agency under the Ministry of Agriculture	2405.9	2405.9	0.0	0	1780.5	1780.5	0.0	0

20. Ministry of Finance	23821.1	16811.2	-29.4	-7009.9	17372.9	12194.2	-29.8	-5178.7
21. State Treasury Agency under the Ministry of Finance	10915.2	10243.3	-6.2	-671.9	7901.8	7427.6	-6.0	-474.2
22. Public Debt and Financial Obligations Management Agency under the Ministry of Finance	898.6	882.1	-1.8	-16.6	641.6	641.6	0.0	0
23. State Financial Control Service of the Ministry of Finance	2327.5	2345.3	0.8	17.8	1695.0	1708.0	0.8	13.1
24. Ministry of Culture	9135.9	11084.3	21.3	1948.4	6646.0	6646.0	0.0	0
25. State Service for the Preservation, Development, and Restoration of Cultural Heritage under the Ministry of Culture	3987.7	3987.7	0.0	0	2911.5	2911.5	0.0	0
26. Ministry of Digital Development and Transport	6671.5	6524.3	-2.2	-147.2	4943.4	4825.4	-2.4	-118.0
27. Electronic Security Service under the Ministry of Digital Development and Transport	623.4	623.4	0.0	0	467.3	467.3	0.0	0
28. Ministry of Health	3680.3	3680.3	0.00	0	2737.1	2737.1	0.0	0
29. Ministry of Energy	5623.5	5623.5	0.0	0	4144.5	4144.5	0.0	0
30. State Agency for Renewable Energy Sources under the Ministry of Energy	1423.1	1423.1	0.0	0	1028.6	1028.6	0.0	0
31. Ministry of Science and Education	7352.6	7343.6	-0.1	-9.0	5379.4	5379.4	0.0	0
32. State Agency for Vocational Education under the Ministry of Science and Education	1505.4	1013.2	-32.7	-492.2	724.1	750.0	3.6	25.9
33. State Agency for Science and Higher Education under the Ministry of Science and Education	1207.4	1092.7	-9.5	-114.8	917.0	825.0	-10.0	-92.0
34. State Agency for Pre-School and General Education under the Ministry of Science and Education	14065.8	12962.0	-7.8	-1103.8	10385.1	9500.0	-8.5	-885.1
35. State Committee for Family, Women, and Children's Issues	3247.3	3247.3	0.0	0	2396.7	2396.7	0.0	0
36. State Committee for Work with Diaspora	3801.2	3801.2	0.0	0	2827.9	2827.9	0.0	0
37. State Committee for Work with Religious Associations	5614.2	5447.1	-3.0	-167.1	4139.0	4007.4	-3.2	-131.7
38. State Committee for Urban Planning and Architecture	6360.3	6360.3	0.0	0	4663.8	4663.8	0.0	0
39. Baku City Architecture and Urban Planning Main Department under the State Committee for Urban Planning and Architecture	1398.5	1355.7	-3.1	-42.8	1029.1	994.8	-3.3	-34.3
40. Karabakh Regional Architecture and Urban Planning Main Department under the State Committee for Urban Planning and Architecture	1264.6	1264.6	0.0	0	944.9	944.9	0.0	0
41. State Statistical Committee	36636.9	36134.4	-1.4	-502.5	22946.7	22873.8	-0.3	-73.0

42. State Committee for Refugees and Internally Displaced Persons	7854.1	6309.8	-19.7	-1544.3	4672.9	4672.9	0.0	0
43. Higher Attestation Commission under the President of the Republic of Azerbaijan	2682.2	2453.7	-8.5	-228.5	1974.1	1810.0	-8.3	-164.1
44. National Archive Department	1801.3	1778.1	-1.3	-23.1	1325.6	1308.5	-1.3	-17.1
45. Special Medical Service of the Republic of Azerbaijan	12797.0	11451.3	-10.5	-1345.7	8330.0	8158.3	-2.1	-171.6
46. State Agency for Public Service and Social Innovations under the President of the Republic of Azerbaijan	27291.3	25931.3	-5.0	-1360.0	19791.8	18700.0	-5.5	-1091.8
47. Food Safety Agency	24365.6	17159.0	-29.6	-7206.6	14230.4	12500.0	-12.2	-1730.4
48. State Tourism Agency	4957.2	4744.1	-4.3	-213.1	2881.2	2881.2	0.0	0
49. Azerbaijan State Water Resources Agency	5905.0	4577.2	-22.5	-1327.8	3359.1	3359.1	0.0	0
50. State Service for the Use and Protection of Water under the Azerbaijan State Water Resources Agency	3044.7	3282.5	7.8	237.8	2194.3	2367.8	7.9	173.5
51. Secretariat of the Commission for Combating Corruption	248.2	248.2	0.0	0	179.0	179.0	0.0	0
52. Commissioner for Human Rights (Ombudsman) of the Republic of Azerbaijan	5235.8	5298.5	1.2	62.7	3822.7	3868.1	1.2	45.4
53. Accounts Chamber	10333.9	9915.2	-4.1	-418.7	7562.5	7220.2	-4.5	-342.3
54. Central Election Commission	5798.3	5520.9	-4.8	-277.4	4342.3	4133.4	-4.8	-208.9
55. Judicial-Legal Council	2487.7	2490.9	0.1	3.2	1610.5	1545.0	-4.1	-65.4
56. Audiovisual Council	1985.8	1750.5	-11.9	-235.3	1420.2	1256.8	-11.5	-163.4
57. Local Executive Authorities	199875.8	193677.4	-3.1	-6198.3	145002.2	140466.3	-3.1	-4535.8

Source: State Budget Envelopes of the Republic of Azerbaijan for 2025 and 2026

A closer look at the composition of payroll expenditures also reveals a *reduction in wage costs for staff positions*. In 2026, wage expenditures for staff positions were reduced in 27 institutions, which constitutes a basis for the abolition of positions or a reduction in the number of employees. The most significant decreases occurred within the Ministry of Ecology and Natural Resources, the Ministry of Finance, and the Ministry of Science and Education, as well as their subordinate bodies. At the Ministry of Finance, the reduction reached nearly 30%. Within the Ministry of Ecology and Natural Resources, wage expenditures declined by 18,2% at the Forest Development Service and by 12,4% at the State Ecological

Safety Service. Under the Ministry of Science and Education, a 10% reduction is envisaged for the State Agency for Science and Higher Education and an 8,5% reduction for the State Agency for Pre-School and General Education. In addition, the Food Safety Agency was required to cut its wage expenditures by 12,2%, while the Audiovisual Council reduced its wage expenditures by 11,5% (**Table 2**).

Payroll expenditures in local executive authorities were reduced by 3,1%. This reduction is attributable to a decrease in staff numbers following structural changes implemented within local executive authorities in 2025. By Presidential Decree No. 546 of 10 December 2025 of the Republic of Azerbaijan, ["On Improving the Structure and Management of Local Executive Authorities,"](#) changes were introduced to the structure and the number of staff positions within the apparatuses and representations of city, district, and city district executive authorities. Under these changes, the number of staff positions in the apparatuses of the executive authorities of the Sabail, Nasimi, Narimanov, Nizami, Khatai, and Yasamal districts of Baku city was reduced from 44 to 40, while in the Khazar, Garadagh, Sabunchu, Surakhani, Pirallahi, and Binagadi districts it was reduced from 41 to 40.

As for the regions, the number of staff positions was reduced from 44 to 43 in the cities of Mingachevir and Shirvan, from 52 to 40 in Lankaran, and from 47 to 40 in the cities of Yevlakh and Sheki. In addition, for other districts across the country, the number of staff positions in the apparatus of the heads of executive authorities was set at 38. Prior to these changes, the number of staff positions was regulated based on population size: In districts with a population of up to 50.000 it stood at 37, in those with a population between 50.000 and 100.000 at 41, and in districts with more than 100.000 residents at 42.

As a result of these changes, 30 employees working within the executive authority structures of 12 districts of Baku city

alone were made redundant. Overall, excluding the liberated territories, the number of employees laid off within local executive authority structures across cities and districts is estimated to have reached approximately 220.

At the same time, the number of staff positions in the representations of the heads of executive authorities for city or sector administrative-territorial units was also reduced. Previously, the number of employees in representations for both city and sector administrative-territorial units was determined on the basis of population size. Specifically, where the population did not exceed 20.000, the number of employees was set at six, and where it exceeded 20.000, at seven. For sector administrative-territorial units, the number of employees was six where the population was up to 30.000 and seven where it exceeded 30.000. Currently, the number of employees has been set at five for both types of administrative-territorial units.

Layoffs were also carried out in settlement and village administrative-territorial units. The number of staff positions in the representations of heads of executive authorities for settlement or village administrative-territorial units was set at three in areas with a population of up to 10.000 and at four in areas with a population exceeding 10.000. Prior to the changes, these figures stood at four for populations of up to 10.000, seven for populations between 10.000 and 20.000, and eight for populations exceeding 20.000.

Since the State Statistical Committee does not publish population figures at the village and settlement levels, nor for city and sector administrative-territorial units, it is not possible to calculate the exact number of layoffs. However, approximate estimates suggest that as a result of these changes, *the number of redundancies within local executive authority structures nationwide is likely to be at least 2.500 employees.*

The analysis shows that the measures implemented by the government under the banner of “optimization of budget expenditures” are in practice accompanied by systematic layoffs in the public sector. Although the official narrative presents this process primarily as one of structural reforms and enhanced efficiency, both statistical indicators and budget documents confirm that the decline in public sector employment has taken on a sustained character. The 5,2% reduction in the number of public sector employees between 2019 and 2025, along with the significant decrease in their share among total wage earners, demonstrates that this trend is not incidental.

Reforms carried out in the education sector further deepen the social implications of this process. Certification mechanisms, institutional mergers, and the tightening of staffing norms have pushed thousands of workers out of the labor market, and it cannot be ruled out that this process will continue in the coming years.

Overall, the available indicators suggest that so-called “optimization” measures are not limited to budgetary savings alone but also result in a contraction of employment in the public sector. While this may contribute to maintaining fiscal sustainability on the one hand, on the other hand it creates additional pressure on the labor market and the social protection system. In the period ahead, mitigating the social consequences of this policy and creating alternative employment mechanisms for laid-off workers will be among the key challenges facing the government.

[\[i\]](#) This list does not include law enforcement agencies and other state services.